

[illegible]

Subject: Request for a Public Hearing and Approval concerning Request by the City and the MCDA to the Hennepin County HRA to Approve a Tax-Exempt Lease for Furnishings and Equipment at the People Serving People Project

☒ No financial impact
☐ Action requires an appropriation increase to the MCDA Budget
☐ Action provides increased revenue for appropriation increase

- ___ Action requires use of contingency or reserves
 ___ Other financial impact (Explain):

Living Wage / Business Subsidy: NA

Job Linkage: Not applicable.

Affirmative Action Compliance: Project complies.

RECOMMENDATION:

City Council Recommendation: The Interim Executive Director recommends that the City Council:

1. Approve the City Council Resolution requesting the Hennepin County Housing and Redevelopment Authority to consider approving the issuance of a "Bank Qualified" tax-exempt equipment lease in an amount up to \$500,000 for People Serving People, Inc. under the Minnesota Housing and Redevelopment Authorities Act.

MCDA Board Recommendation:

1. Approve the MCDA Resolution requesting the Hennepin County Housing and Redevelopment Authority to consider approving the issuance of a "Bank Qualified" tax-exempt equipment lease in an amount up to \$500,000 for People Serving People Inc. under the Minnesota Housing and Redevelopment Authorities Act.

Background/Supporting Information:

People Serving People, Inc. (PSP) is remodeling a ten story building at 251 Portland. The total cost of the building rehabilitation is over \$14,000,000. Development funds came from a variety of sources, including a \$9,500,000 City-issued revenue bond, a \$499,000 forgivable note from the Federal Home Loan Bank, a \$550,000 MCDA Multi-Family Program loan, a \$450,000 City/MCDA Emergency Shelter Program grant, MHFA funds, cash reserves and a very successful capital campaign. The project will be ready for occupancy in late April 2002.

The project has been named "A Place of Hope". The new building will consist of 99 shelter rooms and 10 transitional living units on the upper seven floors. The lower level and the first three floors will be dedicated to supportive services and administration. PSP is the county's primary shelter provider for homeless families.

PSP is requesting approval from Hennepin County to enter a tax-exempt equipment lease with Carlton Financial Corporation to assist in the funding of some of the furnishings and equipment for the facility. Specifically, PSP is requesting tax-exempt financing of a five-year, \$500,000 lease for furnishings, fixtures and equipment (FF&E) for the facility. Carlton Financial Corporation would acquire the FF&E which PSP would own at the end of the lease term. The source of payments on the lease will come from PSP, and the neither the credit of the City of Minneapolis nor Hennepin County will be used or at risk.

Under Minnesota Statutes, Section 383.B.77, Subd 2, the Hennepin County HRA may provide this approval only at the request of the MCDA and the City.

RECOMMENDATION:

City Council Recommendation: The Interim Executive Director recommends that the City Council:

1. **Approve the City Council Resolution requesting the Hennepin County Housing and Redevelopment Authority to consider approving the issuance of a "Bank Qualified" tax-exempt equipment lease in an amount up to \$500,000 for People Serving People, Inc. under the Minnesota Housing and Redevelopment Authorities Act.**

MCDA Board Recommendation:

1. **Approve the MCDA Resolution requesting the Hennepin County Housing and Redevelopment Authority to consider approving the issuance of a "Bank Qualified" tax-exempt equipment lease in an amount up to \$500,000 for People Serving People, Inc. under the Minnesota Housing and Redevelopment Authorities Act.**

Resolution approving the financing of the project for PSP, Inc.

Whereas, the Hennepin County Housing and Redevelopment Authority proposes to issue a "Bank Qualified" tax-exempt equipment lease in an amount up to \$500,000 to PSP, Inc., a Minnesota nonprofit corporation (the "Borrower"), for the acquisition and installation of fixtures, furnishings and equipment to be located at the Borrower's homeless shelter facility located at 251 Portland Avenue South in Minneapolis, Minnesota (the "Project"); and

Whereas, Minnesota Statutes, Section 383B.77, Subd 3, requires that this City Council must approve a project undertaken by the Hennepin County Housing and Redevelopment Authority before such a project may be undertaken within this City; and

Whereas, in accordance with Minnesota Statutes, Section 469.005, Subd 3, the City Council held a public hearing on March 21, 2002, for all interested persons to comment on the Project proposal and this approval; and

Whereas, the Project is subject to the approval of this City Council; and

Whereas, it is deemed in the best interest of this community to approve the Hennepin County Housing and Redevelopment Authority's implementation of the Project as an approved project;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That pursuant to Minnesota Statutes, Section 383B.77, Subd 3, and the public hearing requirements of Minnesota Statutes, Section 469.005, Subd 3, the City Council approves the Project and approves of the Project assistance to be provided by the Hennepin County Housing and Redevelopment Authority to facilitate the acquisition and installation of fixtures, furnishings and equipment by Borrower, subject to the following requirements:

(a) That this City retains its jurisdiction over all issues of local concern relating to zoning, land usage, building code requirements and compliance with all applicable city codes and ordinances.

(b) That repayment of the financing obligations owed the Hennepin County Housing and Redevelopment Authority by the Borrower will be made solely from revenues derived from the project.

(c) That the full faith and credit of this City will not be pledged in any fashion as a source of repayment of said financing obligation owed the Hennepin County Housing and Redevelopment Authority by the Borrower.